

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** May 23, 2008  
**POSITION:** Oppose

**BILL NUMBER:** AB 2910  
**AUTHOR:** J. Huffman

### **BILL SUMMARY:** Health Care Service Plans

This bill would require the Department of Managed Health Care (DMHC), when exempting a health plan from a statutory or regulatory requirement, to: provide notice to every person who has filed a request for notice of regulatory action with DMHC that a waiver or exemption has been requested, provide the rationale for the proposed exemption and its practical effect, notify and consult interested parties, including the Legislature, 45 days in advance of taking action on a waiver request, post information about the exemption request on DMHC's website, and notify the Legislature and the public of the reasons an exemption or waiver has been approved.

### **FISCAL SUMMARY**

DMHC estimates ongoing costs of \$1.3 million for this bill. These costs include holding hearings, providing notice and comment periods, and drafting information on the exemption and waiver requests for stakeholders. Costs are also attributable to the need for additional staff review and processing of routine waivers by the Provider Solvency Unit, as well as increased enforcement actions when exemptions or waivers are not approved.

### **COMMENTS**

Finance opposes this bill because it would limit DMHC's flexibility in administering the Knox-Keene Act by imposing a public review process for routine exemptions and waivers. DMHC indicates that most exemptions have been of limited application or were applicable to a defined class of persons, and that the exemptions have not negatively impacted the protection of health plan enrollees. In requiring DMHC to use a more extensive review process to approve exemptions and waivers, this bill also creates significant new costs to DMHC which are ultimately born by health plans through the payment of annual assessments.

Analyst/Principal (0741) E. Harper	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved_____
			Position Disapproved_____

<b>BILL ANALYSIS</b>	Form DF-43 (Rev 03/95 Buff)
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AB 2910

	SO	(Fiscal Impact by Fiscal Year)							
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP							Fund
Type	RV	98	FC	2008-2009	FC	2009-2010	FC	2010-2011	Code
2400/MngedHltCare	SO	No	C	\$1,332	C	\$1,332	C	\$1,332	0933
<u>Fund Code</u>	<u>Title</u>								
0933	Managed Care Fund								